



REQUEST FOR INFORMATION
INTERNAL AUDIT SERVICES
RFI NUMBER: 06-12

RELEASE DATE: DECEMBER 8, 2006

DEADLINE FOR INQUIRIES: DECEMBER 22, 2006 3:00 P.M. EST
DEADLINE FOR SUBMISSION: JANUARY 6, 2007 3:00 P.M. EST

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This is a Request for Information (RFI) issued by the Indiana Public Employees' Retirement Fund (PERF). PERF is seeking proposals from qualified professional certified public accounting (CPA) firms to conduct comprehensive internal audits of its activities. There will not be a contract resulting directly from this RFI; however, respondents to this RFI will be placed on the list of potential respondents and will receive an announcement of any Request For Proposal (RFP) that may arise from this RFI.

INTRODUCTION

PERF is soliciting proposals from all vendors who wish to be considered as a vendor for providing internal auditing services. Specifically, PERF is seeking information from prospective respondents regarding the services identified in the "Scope of Services" section below.

PERF is a non-profit quasi-state organization that was started in 1945 as a result of legislative action. The purpose of PERF is to administer pensions for all State of Indiana employees and the employees of participating political subdivisions. PERF provides service to the members and their employers for all of the pension funds administered by PERF, having as its goal the accurate accumulation of data and funds in order to provide correct and prompt retirement benefits. More information regarding PERF can be found at the website: www.perf.in.gov.

OBJECTIVE

PERF is seeking feedback on the information in this RFI. PERF may consider any information received in response to this RFI in the construction of any resulting RFP for these services. Any RFP process resulting from this RFI will be open to all respondents regardless of their decision to participate in this RFI.

The selected firm will work with PERF's internal audit liaison who will serve to coordinate and monitor the auditing work provided. PERF's Internal Audit Department adheres to The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and Code of Ethics.

The experienced professional CPA firm selected by PERF shall be responsible for assessing risk and internal control environment, overseeing implementation of correction actions recommended by the State Board of Accounts (SBOA), preparing and implementing an annual audit plan, and conducting internal audits of PERF's activities as approved by PERF's Board of Trustees. This RFI, a step in the procurement process, has two key objectives: 1) Provide prospective respondents with general information regarding the project and 2) solicit respondent information that will help PERF in the development of any resulting RFP.

SCOPE OF SERVICES

The selected firm should be prepared to provide the following internal auditing services:

A. Internal Audits – Planning and Performance

1. Conduct assessments of risk, evaluate and recommend improvements to the internal control environment, prepare and implement an annual audit plan, overseeing implementation of correction actions recommended by the State Board of Accounts (SBOA), and interface with the PERF Board of Trustees and executive management as required.
2. Conduct audits of PERF's operations and other activities as approved by PERF's Board of Trustees, which shall include, but not be limited to, evaluating and reporting on the reliability and accuracy of

financial information, effectiveness and efficiency of operations, internal control assessment, safeguarding of assets, and compliance with laws, regulations, and contracts.

3. Conduct preliminary planning and organization of audits by making relevant assessments of risks and internal controls and assigning the probability, impact and significance of errors, irregularities, noncompliance and other exposures (e.g., fraud potential) of the activities under audit.
4. Establish a scope of the activity to be audited that will meet the objectives of the audit.
5. Identify objectives, risks, and controls of the activities to be audited.
6. Develop procedures to test controls of the activities to be audited, and conduct such testing.
7. Prepare a detailed written audit program for each activity to be audited that includes the scope, objectives and procedures to review and analyze the risks and controls of the activity under audit.
8. Conduct each internal audit in accordance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and Code of Ethics.
9. Provide qualified staffing and other resources (e.g., hardware, software and office equipment) necessary to complete each internal audit.
10. Coordinate the work of internal audits being completed with PERF's internal audit liaison.
11. Identify, analyze, evaluate, and record sufficient information to achieve the objectives of each audit.
12. Prepare audit documentation (workpapers) that provides conclusions, recommended improvements and results of activities audited. Conclusions and recommended results will be based on sufficient and appropriate analyses and evaluation of information gathered.

B. Internal Audits - Reporting

1. Provide periodic written status updates on internal audits being conducted to include any issues found so that these can be brought to the immediate attention of executive management for appropriate corrective action.
2. Conduct entrance, interim, and final audit meetings with the auditee (responsible PERF manager of the area audited), internal audit liaison and executive management for each internal audit.
3. Prepare a draft report of the results of each internal audit completed.
4. Obtain responses from applicable PERF management for each finding and observation presented in the draft audit report.
5. Provide a final report of the results of each internal audit completed addressed to PERF's Board of Trustees and executive management. Each final audit report will include sections containing an executive summary, scope, background, significant findings of risk exposures and/or control deficiencies, recommendations for correcting each significant finding, and management's responses to findings and observations. Each report will also include identification of other observations representing opportunities for PERF to improve the effectiveness and efficiency of its operations in the audited area as applicable.
6. Report final results of each completed audit at a meeting of the PERF Board of Trustees, as requested.

C. Firm/Staffing Qualifications

1. Extensive knowledge of The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and the Code of Ethics.
2. All firm staffing assigned to work the internal audits will have at a minimum a bachelor's degree from an accredited college or university, professional designations as a CPA, and a minimum five years experience in performing internal audits for other client organizations.
3. Extensive experience in applying internal auditing and accounting principles and practices, management principles, and preferred business practices.
4. Knowledge of information technology systems terminology, concepts, and practices.
5. Considerable knowledge of the public pension fund business including policies, procedures, regulations, and laws, and/or considerable knowledge of the activities and operations of other financial institutions.
6. A current firm permit to practice accountancy in the State of Indiana.

7. An unqualified opinion on the firm's most recent quality review.

RESPONSES

The firm's response should include information concerning the following:

1. Based on the scope of services outlined above, please describe your firm and the internal audit services you provide.
2. Please describe your firm's experience in providing internal auditing services to public pension systems, private pension plans, and/or financial institutions. Please provide a list of clients in these industries.
3. Please provide resumes of staffing for the engagement, which must include experience levels, professional qualifications and location of the individuals who would be included on the engagement team. We anticipate the need for one full-time senior-level internal auditor (totaling 1,800 hours/year) and one executive-level internal auditor at 20% of full-time (totaling 360 hours/year).
4. Based on the staffing parameters outlined in number 3 in this section, please provide a total cost estimate for a one-year contract.
5. Please provide any additional information that would assist PERF in constructing an RFP for these services.

Firms interested in providing information to PERF should submit an original and four copies of the written response to:

Rebecca Cook
Procurement Officer
Public Employees' Retirement Fund
143 W. Market Street
Indianapolis, Indiana 46204

Responses must be received no later than 3 p.m. E.S.T. on January 5, 2007. The outside of the package (envelope or box) should be clearly marked:

RESPONSE TO
REQUEST FOR INFORMATION 06-12

Any questions regarding this RFI must be submitted to the above address. Questions may also be submitted by fax at (317) 974-1637 or by e-mail to rcook@perf.in.gov no later than 3 p.m. E.S.T. on December 22, 2006. Responses to all questions will be promptly prepared and a copy will be posted to PERF's website at <http://www.in.gov/perf/agency/contracts.html>.

Please note that Rebecca Cook is PERF's single point of contact for this RFI. **Inquiries are not to be directed to any other staff member of PERF.**

Responses to this RFI will be considered public information once the RFP, if issued, is completed. If an RFP is not undertaken, the responses are considered public once the decision not to issue an RFP has been made.

Please note that the usual and customary procedures for selecting a vendor (issuance of an RFP) may follow this RFI. The process will be open to all providers irrespective of their participation or non-involvement in this information-gathering process.